2. The conditions at para 1 above shall also be applicable to the existing companies operating telecom service(s) which had the FDI cap of 49 per cent.

3. The relevant provisions of FDI policy for "investment companies", as given in Press Note 2 (2000 series) dated 11.2.2000 issued by department of Industrial Policy and Promotion will no longer be applicable to telecom sector.

4. An initial correction time of 4 months from the date of issue of this notification shall be allowed to the existing licensee companies providing telecom services mentioned in para 1 above for ensuring adherence to the aforesaid conditions. An unconditional compliance to the aforesaid conditions shall be submitted to the licensor within this period.

5. Press Note 15 (1998 series) and Pass Note 2 (2000 series) issued by Department of Industrial Policy & Promotion stand modified to the above extent.

Sd/-
(UMESH KUMAR)
Joint Secretary to the Government of India

No. 9(1)/2002-FC dated 3rd November, 2005

Laying of sub-marine cable

920. SHRI RAVULA CHANDRA SEKAR REDDY : Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether the VSNL has commenced cable laying operations of its sub-marine cable system linking Mumbai and other countries;

(b) if so, the progress achieved so far; and

(c) the cost incurred by Government for this purpose?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD) :(a) Sir, VSNL, currently, is not laying any submarine cable system linking Mumbai to other countries.

(b) and (c) Do not arise in view of (a) above.

Foreign control over telecom sector

921. SHRI A. VIJAYARAGHAVAN: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether increase in foreign direct investment in telecom sector from 49 per cent to 74 per cent may result in the foreign control of the telecom sector in the country;

(b) if so, whether the foreign control of telecom sectors in the country has been approved by the Parliament;

(c) if so, the details thereof; and

(d) if not, whether steps would be taken so that the above hike in foreign direct investment would be implemented after the approval of Parliament?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD):(a) According to the new foreign direct investment (FDI) policy regime for telecom sector, foreign promoter(s)/investor(s) can hold up to 74 per cent equity in the telecom service providers as per details given in the Press Note No. 5 (2005 Series) issued by Department of Industrial Policy and Promotion Refer to [Statement question No. 919] whereupon ownership and control would be as per the provisions of the Companies Act. However, it has been prescribed that the majority Directors on the Board including Chairman, Managing Director and Chief Executive Officer (CEO) shall be resident Indian citizens, enforced through licence agreement. The appointment to these positions from among resident Indian citizens shall be made in consultation with serious Indian investors.

(b) to (d) In his Budget speech for the Budget 2004-05 on 08.07.2004, Finance Minister had proposed to raise the sectoral cap for FDI in telecommunication from 49 per cent to 74 per cent. The FDI policy for enhancement of FDI ceiling from 49 per cent to 74 per cent in the telecom sector has already been approved by the Government and notified *vide* aforesaid Press Note No. 5(2005 Series).